

**MULTIMEDIA**



**UNIVERSITY**

**STUDENT ID NO**

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

**TRIMESTER 2, 2020/2021**

### **DTX5014 – TAXATION 1**

(All Sections/Groups)

10 MARCH 2021

9.00 a.m. – 12.00 p.m.  
3 Hours

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#### **INSTRUCTIONS TO STUDENT**

1. This question paper consists of 12 pages with 4 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**QUESTION 1****Part A**

Mr Harvey is a Canadian and first arrived in Malaysia on 8 June 2014. The following is his record of stay in Malaysia:

<b>Year of Assessment (YA)</b>	<b>Basis period (BP)</b>
2014	8 June to 30 September
	1 November to 31 December
2015	1 January to 31 March
	1 May to 20 September
	25 October – 31 December
2016	1 January to 10 February
	1 March to 27 August
2017	12 to 28 February
	31 March to 30 April
	3 August to 16 September
2018	5 September to 10 October
	1 to 28 December
2019	12 January to 31 May
	20 July to 31 October
2020	1 January to 30 March

**Additional information**

1. Mr. Harvey was seeking for medical treatment in India from 1 to 30 April 2015.
2. Attending seminar in Korea from 28 August to 4 September 2016.
3. Having a social visit in Sweden from 29 December 2018 to 11 January 2019.
4. Attending conference in Thailand from 1 June to 19 July 2019.

**Continued...**

**Required**

Determine the residence status of Mr Harvey for the years of assessment (YA) 2014 to 2020. Give reasons and quote the relevant provisions of the Income Tax Act 1967 to support your answer. (17 marks)

**Part B**

Akeem, Harry, Putri and Tanuja are a good friends from different backgrounds. Following are their respective chargeable income during the Year of Assessment (YA) 2020:

Akeem	Akeem is an owner of Bakaria Corporation where he started the business with a paid up capital of RM2.44 million in 2018. During year 2020, the company had a gross profit of RM721,948, interest income of RM66,700 and capital allowance of RM23,200.
Harry	Harry is a street painter from Australia. In year 2020, he came to Malaysia to attend an exhibition and he was appointed as a trainer for several painting class. He stayed for 199 days during the year and earned RM125,154.
Putri	Putri works as an accountant in Kuala Lumpur and she never had a chance to go abroad. In YA2020, she received a total salary of RM243,190 with additional of rental income and travelling allowances which are RM8,254 and RM3,267 respectively.
Tanuja	Tanuja is an owner of Olivvy Pte. Ltd. where the company had a paid up capital of RM2.51 million. At the end of YA2020, the company had a gross profit of RM556,221 and capital allowance of RM53,210.

**Required**

Compute the chargeable income and income tax payable for Akeem, Harry, Putri and Tanuja based on their respective independent situations for the Year of Assessment (YA) 2020.

*Show all necessary workings.*

(8 marks)  
(Total: 25 marks)

**Continued...**

**QUESTION 2****Part A**

Puan Hanis works at Koyota Car Sdn Bhd since ten years ago. On 30 April 2020, she is appointed as a senior manager with a new monthly salary of RM10,250. She also receives one-time bonus of 2.5 months on December 2020.

Following are other benefits provided by Koyota Car Sdn Bhd to Puan Hanis beginning from 30 April 2020, or stated otherwise:

- a) A company car provided to her since year 2014. Cost of the car is RM123,500. The company also provide a free fuel and a driver with a monthly salary of RM640.
- b) Koyota Car paid RM1,300 for car insurance premium and RM850 for car maintenance.
- c) Monthly travelling allowance for official duties is RM870 per month.
- d) A semi-furnished house (with air-conditioner) was provided to Puan Hanis. Monthly rental is RM2,200 (including furniture with an annual value of RM1,700). The company also hire a servant and gardener at a monthly salary of RM470 and RM320 respectively.
- e) Maternity expenses of RM6,300 for Puan Hanis.
- f) Tuition fees for her children amounting to RM370 a month.
- g) Leave passages for Puan Hanis, her husband, 2 kids and mother in law to:
  - Tokyo, Japan and Indonesia with costs of passage of RM6,000 each and RM1,300 each respectively; and
  - Four leave passages around Malaysia which are Kelantan RM800, Kedah RM1,200, Melaka RM650 and Sabah RM4,000.
- h) Watch costing RM3,850 is given as an appreciation to Puan Hanis for her long service during company's annual dinner.
- i) Company's shares of 6,000 units of RM1.00 each which was offered to Puan Hanis under the share option scheme on 1 June 2020. The share option scheme was exercisable one month later where the market value at that point of time was RM3.50 each. On 1 September 2020 Puan Hanis took up the option when the market value of the share was RM4.20 each.

**Continued...**

- j) Mobile phone and bills under company's name amounted to RM4,320.
- k) Reimbursement of utility bills for RM3,430 from the company.
- l) Child care benefit for her two kids amounted to RM6,300.
- m) Puan Hanis will make a claim in her tax return on travelling expenses of RM4,750 in carrying out her official duties.

**Required**

Compute the statutory income from employment of Puan Hanis after she is appointed as a senior manager for the year of assessment 2020. Round up your answer into two decimal point. (15 marks)

**Part B**

Glimper Sdn Bhd manufactured a variety of tents since 2017. The paid up capital as at 1 January 2017 is RM1,200,000. For the year ended 31 December 2020, the company submitted the following information:

Department A

Gross income is RM12,560, balancing charge is 20,500, capital allowance for the year is RM3,700 and unabsorbed capital allowance brought forward is RM740. Glimper Sdn Bhd made a total expense of RM11,800 which include depreciation of RM5,400 in Department A.

Department B

Gross income is RM82,000, Expenditure is RM63,290 which including the bad debt expense of RM17,800, depreciation of RM8,600 and donation to approved institutions of RM3,400.

The business is yet to absorb the loss brought forward amounted to RM11,300. They also incurred capital allowance for the year 2020 of RM7,450 and balancing allowance of RM4,100.

**Continued...**

Glimper Sdn Bhd had an additional income which are interest of RM6,400 and royalty of RM7,490 through Business A and a rental income of RM10,280 in Department B.

**Required**

Compute the income tax payable for the business in year of assessment 2020.

(10 marks)

(Total: 25 marks)

**QUESTION 3**

Puan Tina is a resident and she provided the information pertaining to her residential property (house) which is located in Perak. Following were the receipts and expenses from January until December 2020:

**Receipts:**

1. Monthly rental is RM1,250. However, during year 2020 the property is unoccupied for the first three months.
2. Puan Tina received two months' advance rental for year 2021.
3. It is required for a new tenant to pay 2 months' house deposit (refundable).
4. The new tenant is also required to pay a refundable deposit for water and electricity of RM200.

**Payments:**

1. To acquire the house, Puan Tina made a loan of RM160,000 with 2% interest per annum.
2. Cost of repairs that carried out during year 2020 include the replacement of damaged doors of RM520, plumbing of RM290, repainting of RM1,500 and replacement of new style of curtain of RM300.
3. The annual house assessment is RM420.
4. Quit rent of RM300 each for 2 years which is for 2019 and 2020. Puan Tina had been penalized for the late payment of quit rent in 2019 of RM70.

**Continued...**

5. Puan Tina paid annual insurance premium on fire for RM540.
6. Before new tenant rent the house, Puan Tina had renovated the kitchen with a total cost of RM2,800.
7. Puan Tina also installed 1 unit of new air-conditioning worth RM1,300.
8. Puan Tina spent RM250 for an advertisement to obtain new tenant to replace the old tenant.
9. Due to property safety, Puan Tina paid RM1,200 for security services.

**Required**

- (a) Calculate the tax payable of Puan Tina for the year of assessment 2020. (14 marks)
- (b) How your answer in (a) would change if Puan Tina is a non-resident. (1 mark)
- (c) Based on your answer in (a), explain the following tax adjustments made for the year assessment 2020:
  - i. Refundable water and electricity deposit.
  - ii. Interest on loan
  - iii. Repainting
  - iv. Kitchen's renovation
  - v. Installation of air-conditioning

*(Your answer should be based on the format given in the example):*

Note to tax computation	Taxable/ Not taxable/ Deductible/ Not deductible	Explanation
Eg: Management fees	Deductible	Revenue expense, recurring and wholly and exclusively incurred in the production of rental income

(10 marks)

(Total: 25 marks)

**Continued...**

**QUESTION 4**

Encik John and Puan Nana had been married for 25 years with 6 children. Both of them are working in a private sector. During year 2020, Encik John and Puan Nana received and incurred following incomes and expenses:

	<b>Encik John (RM)</b>	<b>Puan Nana (RM)</b>
<b>Income:</b>		
Salary	174,500	156,200
Rental	53,700	-
Interest	3,000	6,100
<b>Expenses:</b>		
EPF	14,300	10,900
Medical treatment for parents	6,200	1,800
Medical expense (serious disease)	7,000	5,300
Deposit to SSPN for 3 children (amount stated is for each children)	2,700	500
Life insurance	3,870	450
Education insurance premium	1,900	1,310
Medical insurance premium	-	1,830
Purchase of sports equipment	1,210	280
Gymnasium membership fee	300	-
Kindergarten fees for child #5	-	4,920
Childcare fees to childcare center for child #6	-	1,200
Zakat	200	150
Total monthly tax deduction	19,200	7,800
Internet subscription	2,300	-
Breastfeeding equipment for 2 year old son	-	670

Following are the details on expenses incurred by Encik John and Puan Nana for their children:

	<b>Encik John</b>	<b>Puan Nana</b>
Child #1: 28 years old, unmarried but working.	√	
Child #2: 25 years old, unmarried and studying at local university.	√	

**Continued...**



Child #3: 19 years old and disabled.		√
Child #4: 13 years old.	√	
Child #5: 6 years old, in kindergarten.		√
Child #6: 2 years old, in childcare center.	√	

**Required**

Compute the income tax payable for Encik John and Puan Nana for the year of assessment 2020 if they elect to have separate assessment.

(Total: 25 marks)

**Continued...**

## APPENDIX

**The following rates and allowances are to be used in answering all questions:**

(a) Rates of tax for year of assessment 2020:

- |   |   |
|---|---|
| <p>(i) Resident company</p> <p>(ii) Non-resident company</p> <p>(iii) Non-resident individual</p> <p>(iv) Resident individuals:</p> | <p>Paid up capital &gt;RM2.5million : 24%</p> <p><u>Paid up capital &lt;RM2.5million:</u></p> <p>First RM600,000: 17%</p> <p>Excess : 24%</p> <p>24%</p> <p>30%</p> |
|---|---|

Chargeable Income (RM)		Rate %	Tax payable (RM)
On the first	5,000		0
On the next	<u>5,000</u>	1	<u>50</u>
On the first	10,000		50
On the next	<u>10,000</u>	1	<u>100</u>
On the first	20,000		150
On the next	<u>15,000</u>	3	<u>450</u>
On the first	35,000		600
On the next	<u>15,000</u>	8	<u>1,200</u>
On the first	50,000		1,800
On the next	<u>20,000</u>	14	<u>2,800</u>
On the first	70,000		4,600
On the next	<u>30,000</u>	21	<u>6,300</u>
On the first	100,000		10,900
On the next	<u>50,000</u>	24	<u>12,000</u>
On the first	150,000		22,900
On the next	<u>100,000</u>	24	<u>24,000</u>
On the first	250,000		46,900
On the next	<u>150,000</u>	24.5	<u>36,750</u>
On the first	400,000		83,650
On the next	<u>200,000</u>	25	<u>50,000</u>
On the first	600,000		133,650
On the next	<u>400,000</u>	26	<u>104,000</u>
On the first	1,000,000		237,650
On the next	<u>1,000,000</u>	28	<u>280,000</u>
On the first	2,000,000		<b><u>517,650</u></b>
Excess	2,000,000	30	

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## (b) Value of benefits in kind – Motor Vehicle and Related Benefits

<b>Cost Of Car When New (RM)</b>	<b>Annual Value Of BIK (RM)</b>	<b>Fuel Per Annum (RM)</b>
Up to 50,000	1,200	600
50,001 - 75,000	2,400	900
75,001 - 100,000	3,600	1,200
100,001 - 150,000	5,000	1,500
150,001 - 200,000	7,000	1,800
200,001 - 250,000	9,000	2,100
250,001 - 350,000	15,000	2,400
350,001 - 500,000	21,250	2,700
500,001 and above	25,000	3,000

## (c) Prescribed value of household furnishing, apparatus and appliances.

<b>Category</b>	<b>Types Of BIK</b>	<b>Annual Value Of BIK</b>
(a)	Semi-furnished with furniture in the lounge, dining room or bedrooms.	RM840 (RM 70 per month)
(b)	Semi-furnished with furniture as above and one or more of the following:- air-conditioners, curtains and carpets.	RM1,680 (RM 140 per month)
(c)	Fully-furnished with benefits as above plus one or more of the following:- kitchen equipment, crockery, utensils and appliances.	RM3,360 (RM 280 per month)
(d)	Service charges and other bills such as water and electricity and telephone	Service charge and bills paid by the employer

## (d) Prescribed value of other benefits

<b>Item</b>	<b>Types Of BIK</b>	<b>Value Of BIK (RM)</b>
(a)	Gardener	3,600 per annum
(b)	Driver	600 per month
(c)	Domestic servant	4,800 per annum
(d)	Guard	4,800 per annum

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(e) Relief for year assessment 2020:

<b><u>PERSONAL RELIEF FOR YA 2020</u></b>		<b>RM</b>	
1	Taxpayer	9,000	
2	Disable taxpayer (additional relief)	6,000	
3	Spouse relief (election for joint assessment <i>or</i> no source of income)		
	a) Wife/Husband	4,000	
	b) Disabled wife/husband (additional)	3,500	
	OR		
	Alimony payment to former wife – amount incurred	4,000	
4	Reliefs for parents		
	• Parental relief – apportioned among siblings		
	a) Taxpayer's father	1,500	
	b) Taxpayer's mother	1,500	
	(age $\geq$ 60 years old; annual income $\leq$ RM24,000)		
	OR		
	• Medical treatment, special needs or carer expense for parents – amount incurred	5,000	
5	Medical expenses on serious disease for taxpayer, spouse and child including:	6,000	
	• Medical examination (max RM500)		
	• Fertility treatment (w.e.f. YA 2020)		
6	Supporting equipment for disabled taxpayer spouse, children or parents	6,000	
7	Child relief (claimed by husband or wife)		
	• Per child (below 18 years old)	2,000	
	• Per child (over 18 years old and receiving full time instructions at school)	2,000	
	• Per child (over 18 years old)	8,000	
	- Universities or college		
	• Disabled child (unmarried)	6,000	
	• Disabled child (over 18 years old)	14,000	
	- Universities or college		
8	Net deposit into the Skim Simpanan Pendidikan National (SSPN) for children	8,000	
9	Private retirement scheme contribution and deferred annuity premium (insured for the life of taxpayer, spouse or joint lives).	3,000	

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10	EPF (employee's contribution)/ Approved scheme contribution	4,000	
11	Takaful/Life insurance premium (insured for the life of taxpayer, spouse/joint lives) a) Public servant under pension scheme b) Private sector	7,000 3,000	
12	Education and medical insurance premium (insured for taxpayer, spouse and child)	3,000	
13	SOSCO (employee's contribution)	250	
14	Education fee for self-improvement • Up to tertiary level: course of study in law, accounting, Islamic financing skills, technical, vocational, industrial, scientific/technological skill or qualification. • Post graduate: any course of study	7,000	
15	Lifestyle expenses for taxpayer, spouse and children -purchase reading materials -purchase sports equipment -purchase computer, smartphone/tablet -internet subscription -gym membership fee	2,500	
18	Breastfeeding equipment (child age $\leq 2$ years old; can be claimed once every 2 years)	1,000	
19	Child care fees to childcare centre/ kindergarten (child age $\leq 6$ years old; can be claimed by either taxpayer or spouse.	2,000	

**End of Paper.**